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MM 92-266/93-215



Federal Communications Commission
Washington, D.C. 20554

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January 4, 1995

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

The Honorable Bart Stupak
U.S. House of Representatives
317 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Stupak:

Thank you for your letter expressing your concern regarding the development of the Commission's cable rate regulation policy. Specifically, you express concern that the views of cable franchising authorities have not been included in discussions about the Commission's proposed policy changes.

On November 18, 1994, the Commission released its *Sixth Order on Reconsideration, Fifth Report and Order, and Seventh Notice of Proposed Rulemaking* (the "Going Forward Order"), MM Docket Nos. 92-266 and 93-215, FCC 94-286, adopting regulations for the cable television industry that provide cable operators with additional incentives to expand their services and facilities in a way that both ensures that cable rates are reasonable and expands the opportunities for cable programmers to reach viewers. Pursuant to the Administrative Procedure Act and the Commission's rules, all interested parties were given the opportunity to participate in the rulemaking proceeding through submission of written data, views, or arguments, as well as an opportunity to present the same orally.

During the drafting of the Going Forward Order, your concerns, as well as those of your constituents, were included in the record considered by the Commission. You may be interested to know that the National Association of Telecommunications Officers and Advisors (NATOA) also presented arguments in this proceeding regarding the effect of the proposed going forward rules on local franchising authorities on behalf of the many local franchising authorities within its membership. The Commission also specifically considered written comments filed by the City of St. Louis, Missouri, which raised similar issues. In addition, senior staff members of the Cable Services Bureau participated in regular telephone conferences with NATOA officials. The Commission believes that the views of the local franchising authorities were thoroughly considered.

The new rules established by the Going Forward Order create a balanced set of initiatives that allow cable operators needed incentives to add new cable programming that, in turn, will benefit subscribers. The Commission has attempted to address your concerns and those of other local authorities in the Going Forward Order. Among other things, the Commission made the new channel addition rules generally applicable only to the cable programming services tier (CPST) and unregulated services. The major exception is that the new rules will affect rates on the basic service tier when an operator offers only one tier of

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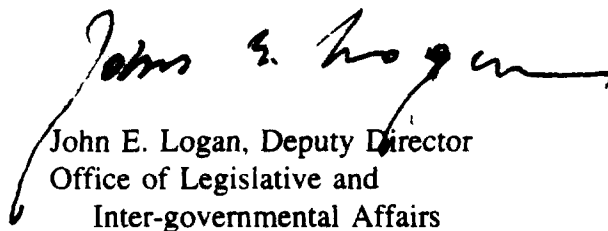
The Honorable Bart Stupak

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service. Because the new channel addition rules in most instances relate only to CPSTs, subscribers will still have the option of a low rate basic service tier. Furthermore, by limiting the new channel addition rules to CPSTs in most instances, franchising authorities should not be inconvenienced by our new regulations because the responsibility for regulating CPST rates lies with the Commission rather than with local authorities. Enclosed is a News Release that summarizes the Going Forward Order. Please let me know if you would like a copy of the text of the decision.

I hope that this response will prove both informative and helpful. Please contact us if we can be of further assistance.

Sincerely,



John E. Logan, Deputy Director
Office of Legislative and
Inter-governmental Affairs

Enclosure

BART STUPAK
1ST DISTRICT MICHIGAN

317 CANNON BUILDING
WASHINGTON, DC 20515
202-225-4735

Congress of the United States
House of Representatives
Washington, DC 20515-2201

October 31, 1994

Mr. Reed Hundt
Chairman
Federal Communications Commission
1919 M Street, Northwest
Washington, D.C. 20554

Dear Chairman Hundt:

Enclosed please find correspondence that I recently received from The Honorable Charles L. Vader, Mayor of Escanaba, Michigan, which I represent.

Many of Northern Michigan's municipalities, like the City of Escanaba, are concerned that the FCC intends to make changes in the Cable Reregulation Act of 1993 without their consultation. While I realize that the FCC values the opinions of local governmental units when making decisions such as this, I am writing to reinforce my belief that such units of government must play a role in determining the future of cable television.

I respectfully request that you respond directly to the enclosed letter and provide my office with a copy. Please let Mayor Vader know that you stand ready to meet with him and other officials to determine the future role of local units of government in the cable industry.

Thank you for your attention to this matter. If I may be of assistance in regard to this or any other issue, please do not hesitate to contact me.

Sincerely,


BART STUPAK

Member of Congress

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Enclosures

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CITY OF ESCANABA

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October 12, 1994

The Honorable Representative Bart T. Stupak
317 Cannon
House Office Building
Washington, D.C. 20515-3009

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Dear Mr. Stupak:

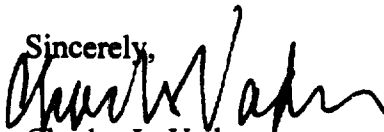
We are writing you to ask you to immediately contact Chairman Reed Hundt of the FCC and ask him not to make the significant changes in the cable rate regulation rules that the FCC has under consideration without obtaining input from municipalities first. Chairman Hundt and the other FCC commissioners have met repeatedly with the cable companies on these changes but have not advised municipalities of the proposed changes or met with municipalities or municipal groups. This raises a grave risk that any changes will be based on erroneous information and may backfire.

As you know, under the 1992 Cable Act municipalities are responsible for setting the rates for basic cable service, equipment and for service calls. The FCC regulates the middle group of channels. The FCC is now considering significant changes to its rules. According to press reports and presentations at national municipal meetings, Chairman Reed Hundt has met 20 times with cable operators (apparently largely on these changes) but only once with municipalities. We do not even know what the proposed changes are, although apparently the cable companies do.

The Cable Act made municipalities equal partners with the FCC in regulating rates. It is municipalities who have to implement the FCC's rules at the local level and who have the experience from having set rates over the past year which the FCC does not have (because the FCC has not set any rates yet for any cable company). We are very concerned that any changes from the FCC will be so burdensome that many communities will stop regulating rates or will have loopholes that cable operators will exploit. The FCC needs to have our input to prevent problems such as these from occurring, but so far they have not obtained municipal input.

The FCC apparently is considering adopting these changes in the very near future. We urge you to immediately write Chairman Hundt and ask him to not implement these changes without first having met with municipalities and solicited their input, as well as that of the cable companies. For the FCC to do this simply makes sense.

Sincerely,



Charles L. Vader
Mayor